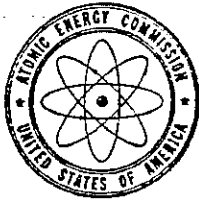


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UNITED STATES
ATOMIC ENERGY COMMISSION
WASHINGTON, D.C. 20545

Mr. R. W. Biggs, President
The Brush Beryllium Company
17876 St. Clair Avenue
Cleveland, Ohio 44110

April 29, 1966

Dear Mr. Biggs:

This is in reply to your letter of December 30, 1965 to General Delmar Crowson and Mr. Bass' letter of the same date to Mr. C. C. Ohlke, both of which relate to conversations you had with our Dow, Rocky Flats, and Albuquerque Operations Office people. Inasmuch as the letters raise a policy question, we are taking this opportunity to make a consolidated reply.

In your letter to General Crowson, you pointed out that you felt there was an inconsistency between Mr. Ohlke's November 15, 1965 letter and the subsequent action taken by our Albuquerque Operations Office; and you requested him to reverse the action taken by Albuquerque. After carefully reviewing the situation, we do not believe there is an inconsistency and see no reason to reverse the decision taken by Albuquerque.

We appreciate the fact that the bid cancellation is a source of disappointment to your company. However, as was stated in Mr. Ohlke's letter, we must be free to take advantage of changed requirements or other reasons that might be in the Government's interest. We are sure you, as a businessman, appreciate the importance of prompt action to maximize economies; and, in view of the substantial potential savings possible by this new process, from the Government's standpoint, any hesitation in instituting it would not have been in the Government's interest.

In both your letter to General Crowson and in Mr. Bass' letter to Mr. Ohlke, a question was raised as to the method of costing which we use in making evaluations as to whether a commercial source or one of our plants can provide an item with the greatest efficiency and economy to the Government. We want to assure you that AEC policy and procedure in this regard is consistent with that prescribed in Bureau of the Budget Circular A-76. In this particular case, cost comparisons have been made on the basis of both Bureau of the Budget Circular A-76 and the earlier guidelines which were replaced by A-76. The results of these analyses confirm the decision made by the Albuquerque Operations Office.

We share your concern over the effect our changing requirements have had upon your company and the industry as a whole. We note, however, that, today, the AEC probably represents a rather small percentage of the over-all sales for your company and Berylco. With that in mind, we do not see how the current requirements, which represent only a part of AEC's commercial requirements, would have serious consequences for the industry by being provided in AEC facilities.

DEPARTMENT OF ENERGY DECLASSIFICATION REVIEW	
1ST REVIEW DATE: 11/1/85	DETERMINATION (CIRCLE NUMBER(S))
AUTHORITY: 105 DC, 105 DO	1. CLASSIFICATION RETAINED
REMARKS: 11/1/85	2. CLASSIFICATION CHANGED TO:

OR0034261

R. W. Biggs

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April 29, 1966

In reviewing this matter, we feel that a number of positive steps have been taken by the AEC in the interest of the industry. One such step was the establishment of the Study Group with which members of your staff have met. This Group, in turn, has been responsible, among other things, for a vigorous program to resolve the UK "Commercial" information problem; and we have just learned that this effort has been successful. Accordingly, we will be in touch with you in the near future concerning the dissemination of this information to U. S. industry.

We want to assure you that the AEC is interested in the future of the beryllium industry; and we are hopeful that our efforts will shortly make it possible for the industry to adopt the new process and supply materials at prices which will result in greater utilization of beryllium.

Sincerely yours,

/s/ R. E. Hollingsworth

General Manager